

POWERLINE

SPRING 2008

NEWSLETTER OF THE SOUTHEASTERN POWER ADMINISTRATION

CALENDAR OF EVENTS



PMA Cyber Security Conference

April 27 - May 1, 2008
Denver, CO

COE Strategic Conference

May 13 - 14, 2008
Las Vegas, NV

Field CFO and Financial Management Development Committee Meeting

May 13 - 16, 2008
Denver, CO

TVPPA Annual Conference

May 19 - 21, 2008
Orange Beach, AL

Cumberland System Public Comment Forum

May 22, 2008
Nashville, TN

Annual Joint Hydropower Conference

May 19 - 23, 2008
Clanton, AL

APPA National Conference & Public Power Expo

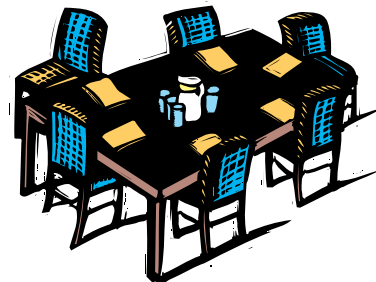
June 21 - 25, 2008
New Orleans, LA

Energy Information Administration (EIA) Releases Report

The EIA recently issued its report on Federal energy subsidies. This report responds to a request from Senator Lamar Alexander of Tennessee that the EIA update its 1999 to 2000 information on Federal energy subsidies, including any additions or deletions of Federal subsidies based on Administration or Congressional action since 2000, and provide an estimate of the size of each current subsidy. Information regarding the PMAs is included as part of Chapter Four on "Federal Electricity Programs." The report can be found at: <http://www.eia.doe.gov/oiaf/servicrpt/subsidy2/index.html>.

Team Cumberland Meeting Held in March

Members of Team Cumberland met March 25 in Nashville, TN. Representatives with the preference customers, Southeastern Power Administration, and the Corps of Engineers' headquarters office, and Nashville District attended.



New Employees at SEPA

SEPA recently hired two new employees to replace employees who retired and/or transferred to other positions within the agency:

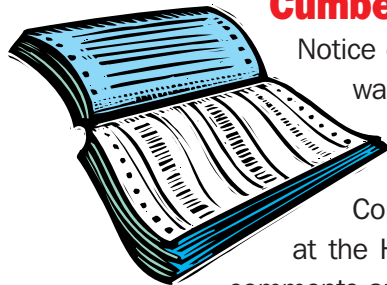
- Tanya Mercer: IT Specialist
- Nathan Wiles: Power System Operator

Department of Energy Leadership

The PMA Administrators report directly to the Deputy Secretary, Department of Energy. Clay Sell resigned as Deputy Secretary at the end of February 2008. Jeffrey Kupfer, former DOE Chief of Staff, was named Acting Deputy Secretary and has been nominated by the President to fill the position. Mr. Kupfer, a Harvard-educated lawyer, has held several positions at the Treasury Department and has worked on Capitol Hill. In addition, Adam Ingols has been named to replace Mr. Kupfer as Chief of Staff. Mr. Ingols was Senior Adviser and Director of Strategic Outreach for Energy Secretary Samuel Bodman's office since 2005. He has also held positions with the White House's Legislative Affairs Office.

Cumberland System Proposed Rates

Notice of a proposed rate adjustment for the Cumberland System was published in the *Federal Register* on April 11, 2008 (73 FR 19832). The proposed adjustment is an increase of thirteen percent (13%). A Public Information and Comment Forum is scheduled for 10:00 a.m., May 22, 2008, at the Holiday Inn Express, 920 Broadway, Nashville, TN. Written comments are due on or before July 10, 2008.

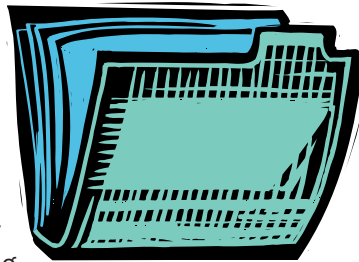


Georgia-Alabama-South Carolina Rate Schedules

On April 8, 2008, the Federal Energy Regulatory Commission (FERC) issued an Order confirming and approving rate schedules on a final basis for the sale of power from the Georgia-Alabama-South Carolina System for the period October 1, 2007, to September 30, 2012. These rate schedules were approved on an interim basis by the Deputy Secretary of Energy on September 13, 2007, and have been in effect since October 1, 2007.

Information Technology Assessment and Review

The Power Marketing Administrations are currently undergoing an Inspector General review of their System Certification and Accreditation packages. The review is being conducted to ensure the PMAs are effectively managing their information technology programs. Southeastern has submitted its packages for review and is conducting a risk assessment of the three (3) systems. We are working with an independent contractor to accomplish the risk assessment and will use the results of the assessment when we re-certify our systems later this year.



Richard B. Russell Cost Allocation

On March 25, 2008, the Chief, Office of Water Project Review completed its policy compliance review of the Richard B. Russell Dam and Lake Cost Allocation Report. No further review is required. The adopted allocation of costs is as follows:

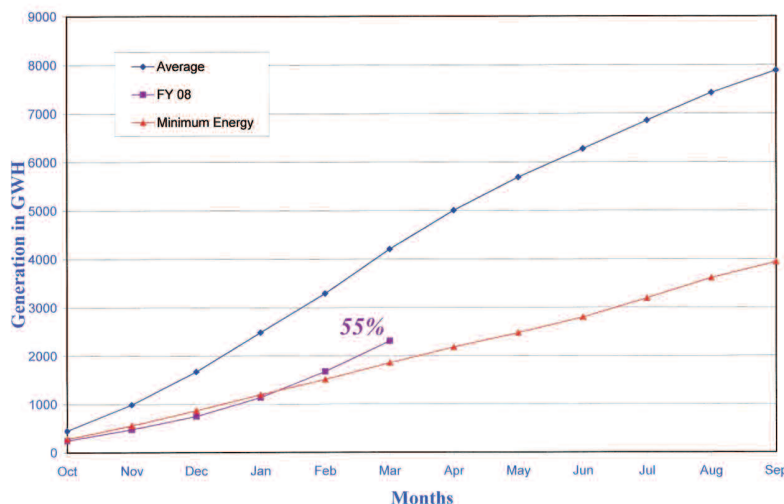
Purpose	Construction*	OM&R
Hydropower	71.82%	73.63%
Recreation	27.96%	26.21%
Flood Control	0.22%	0.16%

*Highway betterments are not included pursuant to section 208 (c) of Public Law 87-874

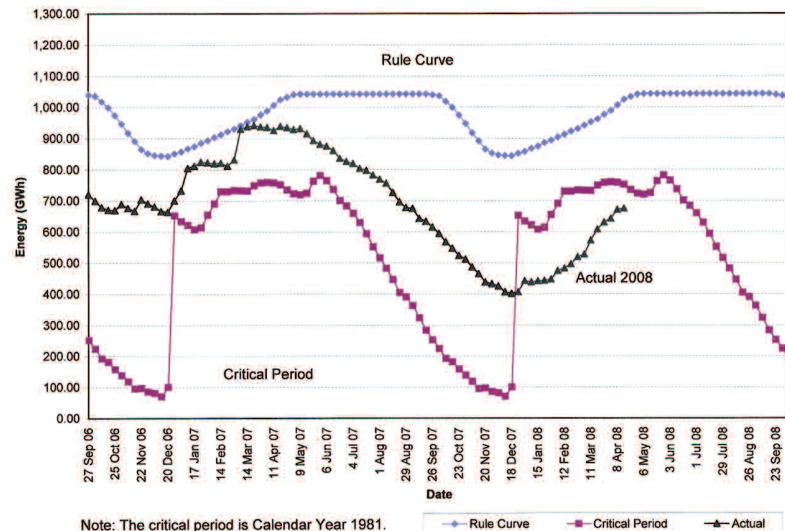
Cumberland System Interim Rate Extension

On February 5, 2008, the Deputy Secretary of Energy confirmed and approved, on an interim basis, an extension of interim rate schedules for the sale of energy from the Cumberland System under the Interim Operating Plan that is in effect while the Wolf Creek Project is under repair. The interim rate schedules will be extended for the period February 25, 2008, to September 30, 2008. These interim rates were approved by the Administrator effective February 25, 2007, to February 24, 2008, under the Administrator's authority to approve rate schedules for short-term sales of power. The Notice of Interim Approval was published in the *Federal Register* on February 20, 2008 (73 FR 9308).

GA-AI-SC System FY 08 Cumulative Net Generation



GEORGIA-ALABAMA-SOUTH CAROLINA SYSTEM Energy-In-Storage 2007 - 2008



Note: The critical period is Calendar Year 1981.

PowerLine and other SEPA publications are posted on our website: www.sepa.doe.gov.

For more information contact Melissa Sease, Public Affairs Office (melissas@sepa.doe.gov), 706.213.3812.



Southeastern Co-Sponsors Wind Colloquium

On March 18, 2008, Southeastern co-sponsored a Regional Wind Colloquium with the North Carolina State Energy Office and the North Carolina

Wind Working Group in Raleigh, NC. The workshop was attended by municipal, cooperative, investor-owned representatives, and wind developers. It focused on wind project development opportunities and challenges in North Carolina. It is estimated that North Carolina has the most wind power potential among

the southeastern states with approximately 1,900 MW of capacity in the mountains, and 1,500 MW of capacity offshore. The amount that will be developed may be restrained by county regulations which limit development of ridge tops and radar issues along the coast.

The Tennessee Valley Authority (TVA) supported the workshop by discussing development of its Buffalo Mountain Wind Farm. TVA is recognized as a regional expert in the area of wind energy and positively contributes to the wind development decision-making process in other states by allowing utility, environmental, and public utility staff and commissioners, and other stakeholders to visit the Buffalo Mountain facility. Those interested in touring the facility may contact Al Pless at Southeastern (706.213.3847).

PLANT AVAILABILITY/CAPACITY UPDATE: JANUARY - MARCH 2008

GA-AL-SC System Update

West Point #3 (39MW):

- Rewind work of the unit is continuing. Installation of new windings is complete. Unit is currently undergoing head cover work and is scheduled to return to service in mid-May 2008. Work will then begin on Unit #2.

Allatoona #1 (35MW):

- Unit out of service due to transformer #1 failure.
- Development of plans and specifications for modifications to the project switchyard continues and is scheduled to be completed by summer 2008.

George Rehab:

- The rehab work on Unit #3 continues and is expected to return to service in October 2008. Rehab work on Unit #4 is scheduled to begin at that time.

Russell #5:

- Work underway on the refurbishment of Unit #1 head gate.

Cumberland System Update

Wolf Creek Unit #4 (52MW):

- Rewind work on Unit #4 continues. Contractor is currently installing unit rewindings. Work is expected to be completed in August 2008.

Customer-Funded Basin Study:

- The contractor is in the process of completing the final report for the Cumberland Basin Study.

Center Hill:

- Unit #2 returned to service. Unit had been out due to an alignment problem.

Wolf Creek Dam Safety Issue:

- The contractor continues to work on completing the first line of grout. Once completed, the Corps will consider allowing the lake elevation to increase to 690 msl. Work will also begin on the installation of a second line of grout at that time.
- The Corps expects to award the contract for the cutoff wall by late spring 2008. Work on the installation of the wall should begin by the end of 2008. Weekly progress report available online: [HYPERLINK http://www.lrn.usace.army.mil/WolfCreek](http://www.lrn.usace.army.mil/WolfCreek)

Center Hill Dam Safety Issue:

- Planning continues for the dam safety repairs at this project. Construction should begin during the Spring 2008. Information on Center Hill dam safety issue available on line: www.lrn.usace.army.mil/CenterHill

Kerr-Philpott System Update

Kerr Unit #2 (36MW):

- Rehab work on Unit #4 continues and should be completed in July 2008.
- Station service work continues and should be completed in August 2008.

Jim Woodruff System Update

Unit Control and SCADA Systems:

- Installation work on the control and SCADA Systems continues.
- Work on units expected to begin in June 2008.
- Project peaking operation continues, provided project inflows exceed 6,000 cfs.